

RNS Half-year/Interim Report

Half-year Report

JOHN LEWIS OF HUNGERFORD PLC

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John Lewis Of Hungerford PLC
28 March 2022

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28 March 2022

John Lewis of Hungerford plc

(the "Company")

Half-year Report

John Lewis of Hungerford Plc (AIM: JLH), the specialist manufacturer and retailer of kitchens, bedrooms and freestanding furniture, is pleased to announce its unaudited interim results for the six months ended 31 December 2021

Overview

The Company is pleased to report that the first half sales to 31 December 2021 are the highest in our history, at £4.6 million (2020: £3.3 million), with the current full year total of despatched sales and confirmed forward orders standing at £8.5 million. After 38 weeks of trading, our future orders, combined with the confirmed order book above, would indicate a full year turnover, in excess of £10 million for the first time in our history. Given the uncertain climate in which we are operating, the Board have modelled a range of scenarios for the financial out-turn in the current year, and our central scenario would deliver a profit which is materially ahead of the prior year.

Sales for the six months to 31 December 2021 stood at £4,561k (2020: £3,326k) and the loss before tax for the period is £81k (2020: loss before tax £213k), with an improved cash position of £824k (2020: £504k).

The Company has taken steps to put in place important building blocks over the last two years, including significant investment in our Digital Strategy, the Novuna (formerly known as Hitachi) Finance - customer financing facility, together with the addition of key heads, to improve productivity around the business.

These initiatives have delivered a structural change in our model, with now sustained levels of consumer interest, as a result of our improved visibility online, which has reduced the dependency on local footfall in our territories. The investment in heads required to support this increase in new business span across front-end sales support, additional production heads and enhanced installation management, to ensure the customer experience remains a priority as we grow and scale the business.

The cost of the additional heads offset by the non-recurring government support during the pandemic, reflect the movement on the administration costs. The year-on-year movement on selling and distribution spend demonstrates costs related to increased sales including logistics, together with a return to pre-pandemic levels of marketing spend, delivering around 30% more new business into the Company, which has greatly contributed to the sales we report today. Both areas of spend play an important part in supporting our teams through the growth we are seeing in all areas of the Company.

With the majority of roles required now recruited, we are confident that there will be a minimal need to add additional heads moving forward into the next financial year FY23, as we capitalise on the strength of our brand positioning during our 50th Birthday year.

Our investments in the core building blocks, including the Digital Strategy, the Consumer Finance and the headcount required to ensure continuous improvements to our sales conversion are now bearing fruit, and we are pleased with the robust future order book as we near the end of the financial year.

Globally disrupted supply chains continue to have an impact on our purchasing activities, with our UK suppliers bearing additional costs to manage their businesses. We have passed on price increases of 8% to our customers in this financial year FY22 and anticipate further inflationary pressures necessitating another increase as we begin our new financial year FY23 on 1 July 2022.

Current Trading and Outlook

As stated above our despatched sales and confirmed forward orders (which we consider to be the best measure of current trading) for the first 38 weeks of trading of the current financial year stood at £8.5 million (2021: £6.5 million). Future orders against which a first stage deposit has been taken are substantially higher than the prior year, which we expect will deliver in excess of £10 million+ full year revenue performance. Our central scenario as stated above, would deliver a profit materially ahead of the prior year, together with a forward order book which is a substantially higher than the prior year.

Given the current levels of market fluctuations impacted by the unfolding global uncertainties, the Board remains cautious regarding any significant disruption to our production and logistics capabilities. The Company remains confident that the resilience in the order book would mean that any in-year disruption for this financial year FY22, would move a portion of the profits into the next financial year FY23 reporting period.

Kiran Noonan
Chief Executive Officer and Acting Chairman
28 March 2022

Enquiries:

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Kiran Noonan - Chief Executive Officer and Acting Chairman

Allenby Capital Limited (Nominated Adviser and Broker) 020 3328 5656

David Worlidge / Nick Naylor / George Payne (Corporate Finance)

Amrit Nahal (Sales and Corporate Broking)

INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER
2021

	<i>Unaudited 6 months ended</i>		<i>Audited</i>
	<i>31</i>	<i>31</i>	<i>Year ended</i>
	<i>December</i>	<i>December</i>	<i>30 June</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	4,561	3,326	7,877
Cost of sales	(2,530)	(1,807)	(4,165)
Gross profit	2,031	1,519	3,712
Selling and distribution costs	(245)	(146)	(409)
Administration expenses:			
Other	(1,758)	(1,469)	(3,160)
Other operating income	3	-	165
Total	(1,755)	(1,469)	(2,995)
Profit/(Loss) from operations	31	(96)	307
Finance expenses	(112)	(117)	(227)
(Loss)/Profit before tax	(81)	(213)	81
Taxation	-	-	125
(Loss) after taxation	(81)	(213)	205
<u>(Loss)/Earnings per share</u>			
Basic	(0.04)p	(0.11)p	0.11p
Fully diluted	(0.04)p	(0.11)p	0.10p

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	<i>Unaudited 6 months ended</i>		<i>Audited</i>
	<i>31</i>	<i>31</i>	<i>Year ended</i>
	<i>December</i>	<i>December</i>	<i>30 June</i>

	2021	2020	2021
	£'000	£'000	£'000
(Loss)/Profit for the period	(81)	(213)	205
Deferred tax on revaluation of freehold land and buildings	-	-	(43)
Total Comprehensive (Loss)/Income	(81)	(213)	163

BALANCE SHEET**AS AT 31 DECEMBER 2021**

	<i>Unaudited As at</i>		<i>Audited</i>
	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	2021	2020	2021
	£'000	£'000	£'000
Non-Current Assets			
Intangible assets	124	140	140
Tangible assets	3,811	4,030	4,001
Trade and other receivables	32	43	32
	<u>3,966</u>	<u>4,213</u>	<u>4,173</u>
Current assets			
Inventories	167	174	193
Trade and other receivables	1,140	570	869
Deferred Tax asset	82	-	82
Cash and cash equivalents	824	507	1,302
	<u>2,214</u>	<u>1,251</u>	<u>2,446</u>
Current liabilities	(3,070)	(2,571)	(3,291)
Net current liabilities	<u>(856)</u>	<u>(1,320)</u>	<u>(845)</u>
Total assets less current liabilities	3,110	2,894	3,329
Non-current liabilities			
Borrowings	(1,127)	(1,147)	(1,137)
Lease Liabilities	(1,208)	(1,309)	(1,336)
Provisions for liabilities and charges	(53)	(56)	(53)
Net Assets	722	381	803
Equity			
Share capital	194	187	194
Other reserves	1	1	1
Share premium account	1,222	1,188	1,222
Revaluation Reserve	518	561	518
Retained Earnings	(1,214)	(1,556)	(1,133)
Total Equity	722	381	803

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Other Reserves</i>	<i>Revaluation Reserves</i>	<i>Retained Earnings</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
<i>At 30 June 2020 (Audited)</i>	187	1,188	1	560	(1,474)	594
Loss for the period	-	-	-	-	(213)	(213)
<i>At 31 December 2020 (Unaudited)</i>	187	1,188	1	560	(1,687)	381
Profit for the period	-	-	-	-	418	418
Share issue	7	34	-	-	-	42
Deferred tax on Revaluation of freeholds	-	-	-	(43)	-	(43)
Share based payments	-	-	-	-	4	4
<i>At 30 June 2021 (Audited)</i>	194	1,222	1	518	(1,264)	803
Loss for the period	-	-	-	-	(81)	(81)
<i>At 31 December 2021 (Unaudited)</i>	194	1,222	1	518	(1,345)	722

**STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

	<i>Unaudited 6 months ended</i>		<i>Audited</i>
	<i>31 December</i>	<i>31 December</i>	<i>Year ended</i>
	<i>2021</i>	<i>2020</i>	<i>30 June</i>
	£'000	£'000	£'000
Profit/(Loss) from operations	31	(96)	432
Depreciation, impairment and amortisation	239	239	478
Share based payments	-	-	4
Decrease/(Increase) in inventories	26	(21)	(41)
(Increase) in receivables	(271)	(28)	(315)
(Decrease)/Increase in payables	(506)	(22)	598
Increase in Customer Deposits	298	254	363
Loss on disposal of property plant and equipment	0	1	3
Increase in provisions	-	-	(34)
Tax (credit) on operations	-	-	(125)
Net cash from operating activities	(183)	328	1,364
Cash flows from financing activities	(263)	(361)	(575)
Cash flows from investing activities	(32)	(19)	(46)
Net (decrease) / increase in cash and cash equivalents	(478)	(52)	743
Net cash and cash equivalents at the start of the period	1,302	559	559
Net cash and cash equivalents at the end of the period	824	507	1,302

NOTES:

1. This interim financial statement has been prepared on the basis of accounting policies adopted by the Company and set out in the annual report and accounts for the period ended 30 June 2021. The Company does not anticipate any change in these accounting policies for the year ending 30 June 2022. As permitted, this interim report has been prepared in accordance with the AIM Rules and not in accordance with IAS 34 "Interim financial reporting". The principal risks and uncertainties facing the Company are disclosed in the Company's financial statements for the period ended 30 June 2021, available from www.john-lewis.co.uk and remain unchanged.

2. (Loss) / Earnings per share

Basic and fully diluted loss per ordinary share is calculated as follows:

	6 months ended 31 December 2021	6 months ended 31 December 2020	Year ended 30 June 2021
(Loss) / Profit attributable to ordinary shareholders (£'000)	(81)	(213)	205
Weighted average number of shares in issue	193,945,519	186,745,519	189,388,807
Shares used to calculate diluted earnings per share	193,945,519	186,745,519	206,867,673
Basic(loss) / earnings per ordinary share (pence)	(0.04)p	(0.11)p	0.11p
Diluted (loss) / earnings per ordinary share (pence)	(0.04)p	(0.11)p	0.10p

3. Availability of the 2021 Interim accounts

Copies of the interim accounts for the six months ended 31 December 2021 will be available to shareholders on the Company's website - www.john-lewis.co.uk

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